

Tucson Electric Power Company
REST Implementation Plan
E-01933A-11-0269



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August 18, 2011

The Honorable Gary Pierce
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

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Arizona Corporation Commission

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Dear Chairman Pierce:

On behalf of our company, which employs over 10 people and have invested several millions in leased residential solar systems in Arizona, we are writing to express concern with a proposal in TEP's 2012 RES Implementation Plan.

As you know, TEP has proposed that residents who choose to lease solar systems should receive a lower incentive level (\$1.00 per Watt) than residents that choose to purchase their solar system (\$1.75 per Watt).

We feel strongly that a homeowner should receive the same incentive regardless of how they choose to finance their solar system. First, a residential solar system's installed cost is not a function of ownership; leased systems cost the same to install as systems that are purchased by homeowners outright. At the same time, leased systems by their nature provide additional benefits for homeowners, such as maintenance, insurance, and monitoring over the life of the lease.

Additionally, TEP's proposal would also interfere with market competition amongst residential solar installers in Arizona. Allowing installers who sell customer-owned systems the ability to market a system that benefits from a larger TEP rebate relative to an equally-sized system that is sold by installers with a leasing model provides a policy-driven, not market-driven, advantage for one segment of the solar industry. We think fair competition amongst installers is critical to the long-term efficiency and success of Arizona's growing solar industry.

We hope that you find this perspective valuable as you engage on TEP's 2012 RES plan.

Sincerely,

Mike Scalia

Director of Operations

Carlson Solar Technologies